

**UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK**

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In re:

DELPHI CORPORATION, *et al.*

Debtors.

Chapter 11

Case No. 05-44481 (RDD)

Jointly Administered

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DECLARATION OF FRANK ALLEN
IN OPPOSITION TO DELPHI'S MOTION FOR AUTHORITY TO REJECT
COLLECTIVE BARGAINING AGREEMENTS UNDER 11 U.S.C. § 1113(c) AND
MODIFY RETIREE WELFARE BENEFITS UNDER 11 U.S.C. § 1114(g)

I, Frank Allen, declare and state as follows:

1. My name is Frank Allen. I am the Shop Chairperson for Local 416, IUE-CWA ("Local 416" or "the Union"), in New Brunswick, NJ, a position I have held since January, 2006. I have also been the Local 416 Committee Person. I have been employed by Delphi Corporation since 1994 years as a fork lift and production worker

2. The Delphi plant in New Brunswick, NJ ("Delphi New Brunswick" or "the Company") assembles car batteries. There are now about 320 bargaining unit workers. Delphi New Brunswick has been a battery plant since 1946 when it opened as a GM Delco-Remy plant. In 1999, it was part of the Delphi spin-off. There are no Delphi New Brunswick workers in the Jobs Bank; 60 employees are laid off with recall rights. Of the 320 bargaining unit workers 44 are skilled trades and 25 do indirect labor, such as fork lift operation. There are also 4 former bargaining unit members who are doing supervisory work as per diem employees. The remainder, about 215 workers, are in production.

3. In 1989, Local 416 entered into an agreement with General Motors that called for the hiring of new employees under the Employee Security and Competitive Opportunity Plan ("ESCOP") Agreement. A copy of this agreement is attached as Exhibit A. This Agreement allowed people to come in to the plant at a lower wage (52.5% of the traditional wage) and to reach parity after 8 years. New hires had health and pension but the health benefits were less than the traditional workers received. The health benefits were through the national Medical Value Plan. Employees would get improvements in health benefits each year until they reached parity with the

traditional workers. The Company said this Agreement would help the longevity of the plant.

4. In 1999, after the Delphi spin-off, there was another Agreement – ESCOP 2000. A copy is attached as Exhibit B. This Agreement added a third tier of competitive employees. The new hires came in at a competitive wage of 52.5% of the traditional rate and never get to parity. They get cost of living increases and annual wage increases when the traditional rate goes up. They pay for their health benefits. The only pension is the Income Security Plan which is a defined contribution plan. Employees can also participate in and make their own contributions to the Delphi-IUE Personal Savings Plan ("PSP") but there is no employer match of contributions. There are now 105 employees working with a competitive rate under this agreement.

5. In 2001, Delphi New Brunswick offered early retirement incentives of \$7,500 for those going out with a 55/10 mutual pension and \$15,000 for those going out on a 28 and 2 pension. For those retiring with a 30 and out pension there was a \$15,000 payment.

6 In the 2003 negotiations, the Union proposed to end the ESCOP 2000 Hiring Plan, "due to management's failure to ensure growth and opportunity" as had been promised. The Company insisted that a competitive local agreement was "critical to the viability of the New Brunswick operations." The Union agreed to leave the ESCOP 2000 in place with no change in the competitive wages and benefits. A copy is attached as Exhibit C.

7. After the third tier of workers was started in 2000, the plant started to grow. At one point in 2005 there were 380 bargaining unit workers. In June, 2005,

Delphi announced that they were going to sell the plant. On March 6, 2006, the Company began layoffs and there are now 60 workers on layoff with recall rights. Delphi has announced a possible agreement with Johnson Controls, Inc. to purchase and operate the plant but it is not certain that the sale will go through.

8. Local 416 and Delphi New Brunswick have agreed to reward employees for cost savings that resulted from employee suggestions. The suggestion program did not receive the amount of attention from management that it needed. The employees felt that there was not sufficient support from supervisors and that many good ideas were pushed aside. But even with its faults, from 2002-2005, implemented employee suggestions resulted in bottom line savings to the Company of \$1,385,664. See attached Exhibit D at 3. Quality Network Actions could have saved much more money than it did in Delphi New Brunswick.

9. There are too many salaried employees at Delphi New Brunswick. At the end of 2005, there was a ratio of 2 supervisors for every 10 bargaining unit workers in the plant. There are also many unnecessary engineers working in New Brunswick. At some points there have been as many as 100 salaried employees and only 380 bargaining unit employees. Keeping all of those salaried people on the payroll is an incredible waste of money.

10. The competitive wage agreements were put in place to make labor costs competitive. The Union has also agreed to combine jobs to be more efficient. In the late 1980s there was a Quality Department that would make sure we were making a good product. When something was wrong, the Quality Department would have

authority over management to shut down the process and fix the problem. The Union Quality Representatives have been reduced from 4 to 1 on the day shift. In most recent years, management only worried about quantity and the plant ended up with an enormous amount of scrap. The scrap costs for Delphi New Brunswick are as follows:

<u>Year</u>	<u>Amount</u>
2001	\$3,126,415
2002	\$3,927,000
2003	\$3,349,256
2004	\$4,155,311
2005	\$8,328,175
January, 2006	\$1,389,288

A copy of the Delphi New Brunswick Scrap Dollars is attached as Exhibit E.

11. If Delphi's proposals were adopted and applied to New Jersey most people would have to quit. Property taxes and the standard of living here is too high for the wages proposed by Delphi. Workers have mortgage payments to make and a further reduction in their wages would make it impossible for them to survive in the State of New Jersey. The only choice workers would have would be to move out of the area and hope to find a job. Maybe the Government wants to support our children because if they don't step in soon this country is going to a record poverty rate, turning us into the Third World Countries where Delphi is sending our jobs.

Dated: April 21, 2006

A handwritten signature in cursive script, appearing to read "Frank Allen", is written over a horizontal line.

FRANK ALLEN